

***TOWN OF LOCKPORT***

***LOCKPORT, LOUISIANA***

***ANNUAL FINANCIAL REPORT***

***For the Year Ended  
June 30, 2014***

**TOWN OF LOCKPORT**  
**LOCKPORT, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2014

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**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Our discussion and analysis of the Town of Lockport's (The Town) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

The basic financial statements provide these insights into the results of this year's operations:

- Net position increased 5% as a result of this year's operations. On a government-wide basis including all governmental activities and business-type activities, the assets exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$7.2 million.
- The governmental funds reported, on a current financial resource basis, combined ending fund balances of \$1,169,014, an increase of \$117,199 or 11.1% from the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$216,498, or 23% of total general fund expenditures.
- Net position of our business-type activities increased by \$226,907 as a result of this year's operations. Operating revenues decreased slightly by \$2,284. Operating expenses increased by over 2% to \$312,350.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The *Government-Wide Financial Statements* (GWFS) – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of finances. *Fund Financial Statements* (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the *INDEPENDENT AUDITOR'S REPORT*, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the *INDEPENDENT AUDITOR'S REPORT* carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

***Government-Wide Financial Statements***

One of the most important questions asked about finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about The Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

***Fund Financial Statements***

The Fund Financial Statements provide detailed information about the most significant funds—not The Town as a whole. Some funds are required to be established by State laws or bond covenants.

***Governmental Funds*** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Fund presentation is presented on a modified accrual basis of accounting. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principle (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

***Proprietary Funds*** encompass enterprise funds on the fund financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

While the total columns on the proprietary fund financial statements for enterprise funds is the same as the business-type activities columns on the government-wide financial statements, the governmental major funds total column requires a reconciliation because of the different measurement focus.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources and will show capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the government-wide statements.

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. A Condensed Statement of Net Position follows:

|                                | Governmental Activities |                    | Business-Type Activities |                     | Total              |                     |
|--------------------------------|-------------------------|--------------------|--------------------------|---------------------|--------------------|---------------------|
|                                | 2014                    | 2013               | 2014                     | 2013                | 2014               | 2013                |
| Current and Other Assets       | \$ 736,517              | \$ 677,480         | \$ 469,507               | \$ 230,527          | \$1,206,024        | \$ 908,007          |
| Restricted Assets              | -                       | -                  | 436,987                  | 261,580             | 436,987            | 261,580             |
| Capital Assets                 | 2,893,909               | 2,901,015          | 3,749,010                | 3,382,346           | 6,642,919          | 6,283,361           |
| <b>Total Assets</b>            | <b>3,630,426</b>        | <b>3,578,495</b>   | <b>4,655,504</b>         | <b>3,874,453</b>    | <b>8,285,930</b>   | <b>7,452,948</b>    |
| Current Liabilities            | (434,537)               | (374,335)          | 775,583                  | 440,164             | 341,046            | 65,809              |
| Non-current Liabilities        | 15,007                  | 34,131             | 761,508                  | 542,783             | 776,515            | 576,914             |
| <b>Total Liabilities</b>       | <b>(419,530)</b>        | <b>(340,204)</b>   | <b>1,537,091</b>         | <b>982,947</b>      | <b>1,117,561</b>   | <b>642,723</b>      |
| Deferred Inflows of Resources  | 2,040                   |                    |                          |                     | 2,040              |                     |
| Net Invested in Capital Assets | 2,878,902               | 2,866,884          | 2,550,515                | 2,577,983           | 5,429,417          | 5,444,867           |
| Restricted                     | -                       | -                  | 436,987                  | 261,580             | 436,987            | 261,580             |
| Unrestricted                   | 1,169,014               | 1,051,815          | 130,911                  | 51,943              | 1,299,925          | 1,103,758           |
| <b>Total Net Position</b>      | <b>\$4,047,916</b>      | <b>\$3,918,699</b> | <b>\$3,118,413</b>       | <b>\$ 2,891,506</b> | <b>\$7,166,329</b> | <b>\$ 6,810,205</b> |

On a government-wide basis, the assets of the Town exceeded its liabilities, resulting in total net position at the close of the fiscal year of over \$7.2 million. The overall financial position increased during the year. Total net position of the governmental activities increased by \$129,217 or 3% from the previous year, while total net position of the business-type activities increased by \$226,907 or over 8%.

Of the Town's total governmental net position at the end of the fiscal year, \$1,169,014 or 29% is unrestricted and may be used to meet ongoing obligations to citizens and creditors. The balance in net position represents the accumulated results of all past years' operations. By far the largest portion of the Town's net assets (79%) reflects its

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed Statement of Activities follows:

|                                  | Governmental Activities |              | Business-Type Activities |              | Total        |              |
|----------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
|                                  | 2014                    | 2013         | 2014                     | 2013         | 2014         | 2013         |
| <b>Program expenses:</b>         |                         |              |                          |              |              |              |
| General government               | \$ 319,412              | \$ 368,349   | \$ -                     | \$ -         | \$ 319,412   | \$ 368,349   |
| Streets and Highways             | 107,893                 | 89,893       | -                        | -            | 107,893      | 89,893       |
| Drainage                         | 69,000                  | 62,811       | -                        | -            | 69,000       | 62,811       |
| Public Safety                    | 507,692                 | 487,556      | -                        | -            | 507,692      | 487,556      |
| Culture and recreation           | 32,438                  | 24,668       | -                        | -            | 32,438       | 24,668       |
| Sewer                            | -                       | -            | 326,431                  | 317,517      | 326,431      | 317,517      |
| Total Expenses                   | 1,036,435               | 1,033,277    | 326,431                  | 317,517      | 1,362,866    | 1,350,794    |
| <b>Program Revenues:</b>         |                         |              |                          |              |              |              |
| Charges for Services             | 412,406                 | 368,979      | 153,311                  | 155,595      | 565,717      | 524,574      |
| Operating grants & contributions | 34,920                  | 126,841      | -                        | -            | 34,920       | 126,841      |
| Capital grants & contributions   | 34,259                  | 239,269      | 108,909                  | 23,699       | 143,2+9      | 262,968      |
| Total Program Revenues           | 481,585                 | 735,089      | 262,200                  | 179,294      | 743,805      | 914,383      |
| Net Program Income (Loss)        | (554,850)               | (298,188)    | (64,211)                 | (138,223)    | (619,061)    | (436,411)    |
| <b>General Revenues:</b>         |                         |              |                          |              |              |              |
| Ad valorem taxes                 | 76,342                  | 76,134       | -                        | -            | 76,342       | 76,134       |
| Sales Taxes                      | 539,764                 | 514,919      | 290,643                  | 277,920      | 830,407      | 792,839      |
| Franchise Taxes                  | 67,394                  | 59,666       | -                        | -            | 67,394       | 59,666       |
| Other                            | 2,354                   | 2,578        | 475                      | 471          | 2,829        | 3,049        |
| Total General Revenues           | 685,854                 | 653,297      | 291,118                  | 278,391      | 976,972      | 931,688      |
| Change in net position           | 131,004                 | 355,109      | 226,907                  | 140,168      | 357,911      | 495,277      |
| <b>Net Position:</b>             |                         |              |                          |              |              |              |
| Beginning of the year, restated  | 3,916,912               | 3,563,590    | 2,891,506                | 2,751,338    | 6,808,418    | 6,314,928    |
| End of the year                  | \$ 4,047,916            | \$ 3,918,699 | \$ 3,118,413             | \$ 2,891,506 | \$ 7,166,329 | \$ 6,810,205 |

A total of 59% of the revenues from governmental activities were derived from various taxes followed by 6% operating and capital grants and contributions, and 35% for charges for services. Overall expenses in governmental activities increased slightly in streets and highways, drainage, public safety, and culture & recreation functions with a slight decrease in the general government.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

All of the operating revenue in business-type activities was received for sewer fees (\$153,311) was for charges for services provided for sewer disposal and maintenance. Overall expenses in the business-type activities increased slightly by 3% or over \$8,900.

**FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)**

As noted earlier, The Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

Governmental funds reported a combined ending fund balance of \$1,169,014. This reflected an increase of \$117,199 or 11%. This increase is primarily the result of the events and programs described within the analysis of its governmental activities.

If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the accompanying fund financial statements. Following is a discussion of the Town's major funds:

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance totaled \$216,498. The fund balance of the General Fund decreased by 2% during the current fiscal year. There was a 21% revenue decrease and also decreases of almost 18% in expenditures that led to the decrease in fund balance. The beginning fund balance in the General Fund was adjusted for an estimate made in the prior year for a grant receivable. The amount received was \$11,117 more than the revenue recorded and receivable booked, therefore the fund balance was increased by the same amount.

The Sales Tax Fund accounts for the receipt and use of proceeds of the Town's 1% sales and use tax. At the end of the current fiscal year, fund balance assigned for expenditures designated by the ordinance that levied that tax totaled \$906,449 – an increase of 20% from the prior year. The total revenue collected for Sales Taxes increased by 5%. There was a significant decrease in the amount transferred out to the other funds.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

The Building Maintenance Fund accounts for the receipt and use of proceeds from lease and/or rental of the Town Hall Complex. At the end of the current fiscal year, fund balance assigned to building maintenance totaled \$46,067 – an decrease from the prior year. The beginning fund balance in the Building Maintenance Fund was adjusted for an estimate made in the prior year for a grant receivable. The amount received was \$12,094 less than the revenue recorded and receivable booked, therefore the fund balance was increased by the same amount.

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Fees and charges for services in the Sewer Fund were over \$153,000 – basically the same as last year. Total operating expenses for providing sewer services of \$312,350 resulted in an operating loss of \$159,039. Net position for the Sewer Fund at June 30, 2014 were \$3,118,413, an increase of \$226,907 from the previous year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised to reflect a net decrease of \$33,854. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

|                             | Budgeted Amounts |                | Increase      |
|-----------------------------|------------------|----------------|---------------|
|                             | Original         | Final          | (Decrease)    |
| <b>REVENUES</b>             |                  |                |               |
| Ad Valorem Taxes            | \$ 76,000        | \$ 77,096      | \$ 1,096      |
| Sales and Use Taxes         | 120,000          | 122,438        | 2,438         |
| Franchise Taxes             | 66,010           | 67,594         | 1,584         |
| Licenses and Permits        | 49,500           | 59,532         | 10,032        |
| Intergovernmental           | 177,610          | 164,701        | (12,909)      |
| Fines and Forfeitures       | 127,300          | 166,652        | 39,352        |
| Other                       | 7,225            | 6,184          | (1,041)       |
| <b>EXPENDITURES</b>         | <u>623,645</u>   | <u>664,197</u> | <u>40,552</u> |
| <b>General government</b>   |                  |                |               |
| Current                     | 213,174          | 204,248        | (8,926)       |
| <b>Public safety</b>        |                  |                |               |
| Current                     | 451,088          | 505,065        | 53,977        |
| Debt Service                | -                | 21,345         | 21,345        |
| Capital Outlay              | 20,520           | -              | (20,520)      |
|                             | <u>471,608</u>   | <u>526,410</u> | <u>54,802</u> |
| <b>Streets and Highways</b> |                  |                |               |
| Current                     | 72,054           | 88,822         | 16,768        |
| Capital outlay              | 50,000           | 39,604         | (10,396)      |
|                             | <u>122,054</u>   | <u>128,426</u> | <u>6,372</u>  |

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|                                       |                 |                    |                    |
|---------------------------------------|-----------------|--------------------|--------------------|
| <b>Drainage</b>                       |                 |                    |                    |
| Current                               | 35,459          | 36,452             | 993                |
| Capital outlay                        | -               | 29,347             | 29,347             |
|                                       | <u>35,459</u>   | <u>65,799</u>      | <u>30,340</u>      |
| <b>Culture and Recreation</b>         |                 |                    |                    |
| Current                               | 19,967          | 22,680             | 2,713              |
| Capital outlay                        | -               | 8,550              | 8,550              |
|                                       | <u>19,967</u>   | <u>31,230</u>      | <u>11,263</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b> |                 |                    |                    |
| Proceeds from Auto Lease              | -               | 4,841              | 4,841              |
| Transfers In - Sales Tax Fund         | 241,000         | 255,604            | 14,604             |
|                                       | <u>241,000</u>  | <u>260,445</u>     | <u>19,445</u>      |
| <b>Net changes in fund balances</b>   | <u>\$ 2,383</u> | <u>\$ (31,471)</u> | <u>\$ (33,854)</u> |

**CAPITAL ASSETS**

The investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2014 and 2013 was as follows:

|                          | Governmental<br>Activities |                     | Business-Type<br>Activities |                     | Totals             |                     |
|--------------------------|----------------------------|---------------------|-----------------------------|---------------------|--------------------|---------------------|
|                          | 2014                       | 2013                | 2014                        | 2013                | 2014               | 2013                |
|                          | \$                         |                     |                             |                     |                    |                     |
| Land                     | 509,481                    | \$ 509,481          | \$ -                        | \$ -                | \$ 509,481         | \$ 509,481          |
| Construction in Progress | 73,166                     | 203,985             | 707,474                     | 233,883             | 780,640            | 437,868             |
| Buildings                | 1,401,973                  | 1,369,868           | -                           | -                   | 1,401,973          | 1,369,868           |
| Drainage                 | 2,274,393                  | 2,073,016           | -                           | -                   | 2,274,393          | 2,073,016           |
| Autos & Trucks           | 487,136                    | 481,055             | -                           | -                   | 487,136            | 481,055             |
| Parks                    | 238,068                    | 219,571             | -                           | -                   | 238,068            | 219,571             |
| Sewer System             | -                          | -                   | 4,317,756                   | 4,317,756           | 4,317,756          | 4,317,756           |
| Equipment and Machinery  | -                          | -                   | 58,607                      | 58,607              | 58,607             | 58,607              |
| Total Cost               | <u>4,984,217</u>           | <u>4,856,976</u>    | <u>5,083,837</u>            | <u>4,610,246</u>    | <u>10,068,054</u>  | <u>9,467,222</u>    |
| Accumulated Depreciation | <u>2,090,308</u>           | <u>1,955,961</u>    | <u>1,334,827</u>            | <u>1,227,900</u>    | <u>3,425,135</u>   | <u>3,183,861</u>    |
| Net Capital Assets       | <u>\$ 2,893,909</u>        | <u>\$ 2,901,015</u> | <u>\$ 3,749,010</u>         | <u>\$ 3,382,346</u> | <u>\$6,642,919</u> | <u>\$ 6,283,361</u> |
| Depreciation Expense     | <u>\$ 134,347</u>          | <u>\$ 119,227</u>   | <u>\$ 106,927</u>           | <u>\$ 110,681</u>   | <u>\$ 241,274</u>  | <u>\$ 229,908</u>   |

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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This year there was \$726,409 of capital additions (including \$4,808 in construction in progress and \$135,627 transferred from construction in progress) in the governmental funds and \$473,591 (all additions to construction in progress) in the business-type fund for building improvements and equipment, reflecting the net increase in capital assets before depreciation.

More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

**LONG-TERM DEBT**

On December 1, 1996 the Town issued Sewer Revenue Bonds Series 1995 in the amount of \$1,770,000 in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) to construct sewer improvements constituting the wastewater treatment project. Revenue bonds outstanding at June 30, 2014 are \$227,000 payable through 2016 at an interest rate of 2.45% plus a .5% annual administration fee. The Town paid \$108,000 in principal and \$9,882 in interest in this current year on these bonds.

On March 1, 2013, the Town entered into a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality (LA-DEQ) for a loan from the Clean Water State Revolving Fund to finance a portion of the costs of constructing and acquiring improvements, extensions and replacements to its sewerage system. The Town by ordinance adopted on January 13, 2013, authorized the incurring of debt and the issuance of its Taxable Sales Tax Bond, Series 2013 in an amount not to exceed \$4,000,000, for the purpose of paying costs of the project, which Bonds are proposed to be purchased by the Department using available moneys in the State Revolving Fund. LA-DEQ agrees that it will affect the Loan by purchasing the Bonds from the Town and paying the purchase price in installments pursuant to the Loan agreement. These bonds shall be secured and payable from a pledge and dedication of the revenues of a .7% sales and use tax, after payment of the reasonable and necessary costs and expenses of collecting and administering the said tax.

Upon the payment of each principal draw on the Loan, twenty-five percent of the principal amount of each draw on the Loan shall be immediately and irrevocably be deemed forgiven by the Department, up to a maximum amount of principal forgiveness of \$1,000,000 and no interest shall accrue on the principal amount that is forgiven.

As of June 30, 2014, the Town requested total drawdowns of \$435,634, of which \$108,909 was forgiven leaving \$534,508 (\$207,783 and \$326,725 of net draws from 2013 and 2014, respectively) in outstanding 2014 Sales Tax Bonds. Principal and interest are payable semiannually in August and February of each year. Interest of

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

\$1,391 was paid on this bond issue.

More information on the Sewer Revenue Bonds is presented in Note 7 of the basic financial statements.

The Town entered into a lease-purchase for the purchase of two 2011 Ford Crown Victorias. The lease-purchase qualifies as a capital lease for accounting purposes, and therefore is recorded at the present value of the future minimum lease payments as of the date of inception. A lease purchase agreement entered into in July of 2011 in the amount of \$52,431 is due in annual installments of \$13,108 through July of 2014, and has an interest rate of 6.6%. In the current year one payment of principal was made in June of 2014 for \$12,295 and \$812 interest was paid. This was the final payment for this lease.

The Town entered into a Lease-Purchase Agreement with Ford Motor Credit Company dated January 2013 for the purchase of 1 automobile for the police department. The lease commences on that date with the initial term of 48 months. The payments will be made in 4 consecutive annual payments of \$8,237 each, due on January 29th for the next 4 years maturing on January 29, 2016. The total outstanding balance on this lease at year end is \$15,007.

More information on the capital lease purchased is presented in Note 8 of the basic financial statements.

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET***

Many factors were considered when budgeting for the next fiscal year. Possible new laws and regulations, increased rates and fees that would be charged, and possible new grant funding sources were all considered.

Historically, the office staff and cost remain relatively stable and should continue to do so. The Town is anticipating more capital expenditures in the next fiscal year.

Highlights of next year's General fund budget include:

|                                   |                   |
|-----------------------------------|-------------------|
| Beginning Fund Balance            | \$ 190,315        |
| Projected Revenue                 | 658,240           |
| Projected Expenditures            | (895,458)         |
| Projected Other financing sources | 246,000           |
| Ending Fund Balance               | <u>\$ 199,097</u> |

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Mandy Himel, Town Clerk  
Town of Lockport  
710 Church Street  
Lockport, LA 70374  
985-532-3117



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

Honorable Paul Champagne, Mayor  
And the Members of the Town Council  
Lockport, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of the Town of Lockport, Louisiana (the Town), as of and for the years ended June 30, 2014, and the related notes to the financial statements, which comprise the basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Statements*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Honorable Paul Champagne, Mayor  
And the Members of the Town Council  
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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, the business-type activities and each major fund of the Town of Lockport, Louisiana as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The Other Supplementary Information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the Schedule of Insurance in Force marked "unaudited", is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The schedules marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2014, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
December 11, 2014





## ***BASIC FINANCIAL STATEMENTS***

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2014**

|                                       | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---------------------------------------|----------------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                         |                            |                             |                     |
| Cash and cash equivalents             | \$ 377,341                 | \$ 107,526                  | \$ 484,867          |
| Investments                           | 201,257                    | 92                          | 201,349             |
| Receivable                            | 17,800                     | -                           | 17,800              |
| Due from other governments            | 136,259                    | 361,742                     | 498,001             |
| Other assets                          | 3,860                      | 147                         | 4,007               |
| Restricted assets:                    |                            |                             |                     |
| Investments                           | -                          | 436,987                     | 436,987             |
| Capital assets:                       |                            |                             |                     |
| Non-depreciable                       | 582,647                    | 707,474                     | 1,290,121           |
| Depreciable, net                      | 2,311,262                  | 3,041,536                   | 5,352,798           |
| TOTAL ASSETS                          | <u>3,630,426</u>           | <u>4,655,504</u>            | <u>8,285,930</u>    |
| <b>LIABILITIES</b>                    |                            |                             |                     |
| Accounts payable and accrued expenses | 40,622                     | 5,756                       | 46,378              |
| Contracts and retainage payable       | -                          | 294,668                     | 294,668             |
| Due to others                         | (475,159)                  | 475,159                     | -                   |
| Non-current liabilities:              |                            |                             |                     |
| Due within one year                   | 7,269                      | 112,000                     | 119,269             |
| Due in more than one year             | 7,738                      | 649,508                     | 657,246             |
| TOTAL LIABILITIES                     | <u>(419,530)</u>           | <u>1,537,091</u>            | <u>1,117,561</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |                             |                     |
| Unavailable revenue - rent            | 2,040                      |                             | 2,040               |
| <b>NET POSITION</b>                   |                            |                             |                     |
| Net Invested in capital assets        | 2,878,902                  | 2,550,515                   | 5,429,417           |
| Restricted for:                       |                            |                             |                     |
| Debt service                          | -                          | 436,987                     | 436,987             |
| Unrestricted                          | 1,169,014                  | 130,911                     | 1,299,925           |
| TOTAL NET POSITION                    | <u>\$ 4,047,916</u>        | <u>\$ 3,118,413</u>         | <u>\$ 7,166,329</u> |

See notes to financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Activities**  
**As of and for the year ended June 30, 2014**

| Functions/Programs               | Expenses            | Program Revenue      |                                  |                                | Net (Expense) Revenue and Change in Net Position |                          |                     |
|----------------------------------|---------------------|----------------------|----------------------------------|--------------------------------|--|--------------------------|---------------------|
|                                  |                     | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities                          | Business-Type Activities | Total               |
| <b>Primary Government:</b>       |                     |                      |                                  |                                |  |                          |                     |
| Governmental activities:         |                     |                      |                                  |                                |  |                          |                     |
| General government               | \$ 319,412          | \$ 246,490           |                                  | \$ 24,211                      | \$ (48,711)                                      | \$ -                     | \$ (48,711)         |
| Street and highways              | 107,893             | -                    | 30,470                           | -                              | (77,423)   | -                        | (77,423)            |
| Drainage                         | 69,000              | -                    | -                                | -                              | (69,000)   | -                        | (69,000)            |
| Public Safety                    | 507,692             | 165,916              | 1,450                            | -                              | (340,326)  | -                        | (340,326)           |
| Culture and recreation           | 32,438              | -                    | 3,000                            | 10,048                         | (19,390)   | -                        | (19,390)            |
| Total governmental activities    | <u>1,036,435</u>    | <u>412,406</u>       | <u>34,920</u>                    | <u>34,259</u>                  | <u>(554,850)</u>                                 | <u>-</u>                 | <u>(554,850)</u>    |
| Business-type activities         |                     |                      |                                  |                                |  |                          |                     |
| Sewer                            | <u>326,431</u>      | <u>153,311</u>       | <u>-</u>                         | <u>108,909</u>                 | <u>-</u>   | <u>(64,211)</u>          | <u>(64,211)</u>     |
| Total primary government         | <u>\$ 1,362,866</u> | <u>\$ 565,717</u>    | <u>\$ 34,920</u>                 | <u>\$ 143,168</u>              | <u>(554,850)</u>                                 | <u>(64,211)</u>          | <u>(619,061)</u>    |
| General Revenues:                |                     |                      |                                  |                                |  |                          |                     |
| Property taxes                   |                     |                      |                                  |                                | 76,342   | -                        | 76,342              |
| Sales taxes                      |                     |                      |                                  |                                | 539,764  | 290,643                  | 830,407             |
| Franchise taxes                  |                     |                      |                                  |                                | 67,394   | -                        | 67,394              |
| Unrestricted investment earnings |                     |                      |                                  |                                | 61   | 475                      | 536                 |
| Other                            |                     |                      |                                  |                                | 2,293  | -                        | 2,293               |
|                                  |                     |                      |                                  |                                | <u>685,854</u>                                   | <u>291,118</u>           | <u>976,972</u>      |
| <b>Change in net position</b>    |                     |                      |                                  |                                | <u>131,004</u>                                   | <u>226,907</u>           | <u>357,911</u>      |
| Beginning of year, restated      |                     |                      |                                  |                                | <b>3,916,912</b>                                 | <b>2,891,506</b>         | <b>6,808,418</b>    |
| End of year                      |                     |                      |                                  |                                | <u>\$ 4,047,916</u>                              | <u>\$ 3,118,413</u>      | <u>\$ 7,166,329</u> |

See notes to the financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2014**

|  | General Fund      | Sales Tax Fund    | Building Maintenance Fund | Total               |
|--|-------------------|-------------------|---------------------------|---------------------|
| <b>ASSETS</b>  |                   |                   |                           |                     |
| Cash and cash equivalents  | \$ 105,408        | \$ 248,355        | \$ 23,578                 | \$ 377,341          |
| Investments  | 89,887            | 89,083            | 22,287                    | 201,257             |
| Receivables:   |                   |                   |                           |                     |
| Accounts receivable  | 16,800            | -                 | 1,000                     | 17,800              |
| Intergovernmental  | 45,476            | 72,861            | 17,922                    | 136,259             |
| Other assets   | 3,860             | -                 | -                         | 3,860               |
| <b>TOTAL ASSETS</b>  | <u>\$ 261,431</u> | <u>\$ 410,299</u> | <u>\$ 64,787</u>          | <u>\$ 736,517</u>   |
| <b>LIABILITIES</b>   |                   |                   |                           |                     |
| Accounts payable and accrued liabilities   | \$ 39,605         | \$ -              | \$ 1,017                  | \$ 40,622           |
| Due (from)/ to other funds   | 5,328             | (496,150)         | 15,663                    | (475,159)           |
| <b>TOTAL LIABILITIES</b>   | <u>44,933</u>     | <u>(496,150)</u>  | <u>16,680</u>             | <u>(434,537)</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                   |                   |                           |                     |
| Unavailable revenue - rent   | -                 | -                 | 2,040                     | 2,040               |
| <b>FUND BALANCES</b>   |                   |                   |                           |                     |
| Assigned to:   |                   |                   |                           |                     |
| Sales Taxes  | -                 | 906,449           | -                         | 906,449             |
| Building Maintenance   | -                 | -                 | 46,067                    | 46,067              |
| Unassigned   | 216,498           | -                 | -                         | 216,498             |
| <b>TOTAL FUND BALANCES</b>   | <u>216,498</u>    | <u>906,449</u>    | <u>46,067</u>             | <u>1,169,014</u>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>   | <u>\$ 261,431</u> | <u>\$ 410,299</u> | <u>\$ 62,747</u>          |                     |
|  |                   |                   |                           |                     |
| <b>RECONCILIATION TO THE STATEMENT OF NET ASSETS:</b>  |                   |                   |                           |                     |
| Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:                |                   |                   |                           |                     |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds: |                   |                   |                           |                     |
| Non-depreciable capital assets   |                   |                   | 582,647                   |                     |
| Depreciable capital assets   |                   |                   | 4,401,570                 |                     |
| Accumulated depreciation   |                   |                   | (2,090,308)               | 2,893,909           |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.         |                   |                   |                           |                     |
| Lease-purchase agreement payable:  |                   |                   |                           |                     |
| Due in one year  |                   |                   | (7,269)                   |                     |
| Due in more than one year  |                   |                   | (7,738)                   | (15,007)            |
| <b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>   |                   |                   |                           | <u>\$ 4,047,916</u> |

See notes to the financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**As of and for the year ended June 30, 2014**

|  | General<br>Fund   | Sales Tax<br>Fund | Building<br>Maintenance<br>Fund | Total               |
|--|-------------------|-------------------|---------------------------------|---------------------|
| <b>REVENUES</b>                          |                   |                   |                                 |                     |
| Taxes                                    | \$ 365,544        | \$ 415,202        | \$ -                            | \$ 780,746          |
| Licenses and permits                     | 54,238            | -                 | -                               | 54,238              |
| Intergovernmental                        | 83,420            | -                 | -                               | 83,420              |
| Fines and forfeitures                    | 165,158           | -                 | -                               | 165,158             |
| Other                                    | 6,177             | 26                | 67,626                          | 73,829              |
| <b>TOTAL REVENUE</b>                     | <b>674,537</b>    | <b>415,228</b>    | <b>67,626</b>                   | <b>1,157,391</b>    |
| <b>EXPENDITURES</b>                      |                   |                   |                                 |                     |
| Current:                                 |                   |                   |                                 |                     |
| General government                       | 203,946           | 5,488             | 63,192                          | 272,626             |
| Public safety                            | 481,653           | -                 | -                               | 481,653             |
| Streets and highways                     | 87,719            | -                 | -                               | 87,719              |
| Drainage                                 | 36,093            | -                 | -                               | 36,093              |
| Recreation                               | 21,777            | -                 | -                               | 21,777              |
| Debt service:                            |                   |                   |                                 |                     |
| Principal                                | 19,125            | -                 | -                               | 19,125              |
| Interest                                 | 2,220             | -                 | -                               | 2,220               |
| Capital outlay                           | 93,637            | -                 | 23,555                          | 117,192             |
| <b>TOTAL EXPENDITURES</b>                | <b>946,170</b>    | <b>5,488</b>      | <b>86,747</b>                   | <b>1,038,405</b>    |
| <b>Revenue over (under) expenditures</b> | <b>(271,633)</b>  | <b>409,740</b>    | <b>(19,121)</b>                 | <b>118,986</b>      |
| <b>OTHER FINANCING SOURCES (USES)</b>    |                   |                   |                                 |                     |
| Transfers In                             | 255,604           | -                 | -                               | 255,604             |
| Transfers Out                            | -                 | (255,604)         | -                               | (255,604)           |
| Total other financing sources (uses)     | 255,604           | (255,604)         | -                               | -                   |
| <b>Net changes in fund balances</b>      | <b>(16,029)</b>   | <b>154,136</b>    | <b>(19,121)</b>                 | <b>118,986</b>      |
| <b>FUND BALANCES</b>                     |                   |                   |                                 |                     |
| Beginning of year                        | 221,410           | 752,313           | 78,092                          | 1,051,815           |
| Prior period adjustment                  | 11,117            | -                 | (12,904)                        | (1,787)             |
| End of year                              | <u>\$ 216,498</u> | <u>\$ 906,449</u> | <u>\$ 46,067</u>                | <u>\$ 1,169,014</u> |

See notes to financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**As of and for the year ended June 30, 2014**

Net change in fund balances - total governmental funds \$ 118,986

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|   |            |         |
|---|------------|---------|
| Capital outlay                              | \$ 117,192 |         |
| Miscellaneous adjustments to capital assets | 10,048     |         |
| Depreciation expense                        |            |         |
| General government                          | (46,786)   |         |
| Streets and highways                        | (20,174)   |         |
| Drainage                                    | (32,907)   |         |
| Public safety                               | (23,819)   |         |
| Culture and recreation                      | (10,661)   |         |
|   | (134,347)  |         |
|   |            | (7,107) |

Capital lease transactions are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.

|                             |        |        |
|-----------------------------|--------|--------|
| Proceeds from Capital Lease | -      |        |
| Capital Lease Payments      | 19,125 |        |
|                             |        | 19,125 |

|   |            |
|---|------------|
| Change in net assets of governmental activities | \$ 131,004 |
|---|------------|

See notes to financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Budget Comparison Schedule - General Fund**  
**As of and for the year ended June 30, 2014**

|                                 | Budgeted Amounts |           |                   | Variance               |
|---------------------------------|------------------|-----------|-------------------|------------------------|
|                                 | Original         | Final     | Actual<br>Amounts | Positive<br>(Negative) |
| <b>REVENUES</b>                 |                  |           |                   |                        |
| Taxes:                          |                  |           |                   |                        |
| Ad Valorem                      | \$ 76,000        | \$ 77,096 | \$ 76,342         | \$ (754)               |
| Sales and Use                   | 120,000          | 122,438   | 124,562           | 2,124                  |
| Franchise:                      |                  |           |                   |                        |
| Entergy                         | 40,000           | 40,935    | 41,009            | 74                     |
| South Coast Gas                 | 4,250            | 5,472     | 5,317             | (155)                  |
| Vision Communications           | 13,800           | 13,001    | 12,616            | (385)                  |
| AT&T - Local Phone Service      | 6,400            | 5,885     | 5,734             | (151)                  |
| AT&T - Video                    | 1,560            | 2,301     | 2,718             | 417                    |
| Licenses and Permits:           |                  |           |                   |                        |
| Occupational Licenses           | 46,000           | 47,132    | 42,354            | (4,778)                |
| Permits                         | 3,500            | 12,400    | 11,884            | (516)                  |
| Insurance Premium Tax           | 90,000           | 102,960   | 97,246            | (5,714)                |
| Intergovernmental:              |                  |           |                   |                        |
| Federal                         | -                | -         | 6,211             | 6,211                  |
| State of Louisiana:             |                  |           |                   |                        |
| Parish Transportation Program   | 45,000           | 28,989    | 27,810            | (1,179)                |
| Beer Taxes                      | 6,000            | 4,965     | 4,025             | (940)                  |
| Video Poker                     | 30,000           | 19,897    | 21,764            | 1,867                  |
| State Maintenance Contract      | 2,660            | 2,660     | 2,660             | -                      |
| Grant - LGAP                    |                  |           | 18,000            | 18,000                 |
| Grant - Police Department       | 2,250            | 3,850     | 1,350             | (2,500)                |
| Local:                          |                  |           |                   |                        |
| Off Track Betting               | 1,700            | 1,380     | 1,600             | 220                    |
| Fines and Forfeitures           | 127,300          | 166,652   | 165,158           | (1,494)                |
| Other:                          |                  |           |                   |                        |
| Detail Pay Reimbursement        | 1,200            | 864       | 758               | (106)                  |
| Donations - Police Department   | -                | 100       | 100               | -                      |
| Lockport Food Festival          | 3,000            | 3,000     | 3,000             | -                      |
| Interest Earned                 | 125              | 30        | 26                | (4)                    |
| Other - Town                    | 2,900            | 1,990     | 2,093             | 103                    |
| Other - Parks                   | -                | 200       | 200               | -                      |
| Total Revenues                  | 623,645          | 664,197   | 674,537           | 10,340                 |
| <b>EXPENDITURES</b>             |                  |           |                   |                        |
| <b>Executive/Administration</b> |                  |           |                   |                        |
| Current:                        |                  |           |                   |                        |
| Salaries                        | 94,366           | 89,962    | 91,262            | (1,300)                |
| Payroll Benefits                | 15,867           | 16,114    | 16,089            | 25                     |
| Retirement                      | 13,194           | 11,156    | 11,191            | (35)                   |
| Dues and subscriptions          | 2,800            | 3,976     | 3,976             | -                      |
| Utilities, phone and postage    | 9,000            | 9,074     | 8,889             | 185                    |
| Rent                            | 1,800            | 1,800     | 1,800             | -                      |
| Vehicle Costs                   | 38               | 48        | -                 | 48                     |
| Professional fees               | 40,000           | 37,784    | 35,966            | 1,818                  |
| Accounting                      | 2,000            | 6,128     | 6,128             | -                      |
| Bank Charges                    | 1,700            | 1,364     | 1,367             | (3)                    |
| Insurance                       | 10,409           | 7,711     | 7,695             | 16                     |
| Office & maintenance supplies   | 15,000           | 13,469    | 12,922            | 547                    |
| Travel & Conferences            | 5,000            | 5,291     | 4,922             | 369                    |
| Sales tax Collection Fee        | 2,000            | 268       | 1,635             | (1,367)                |
| Other Expenses                  | -                | 103       | 104               | (1)                    |
| Total current expenditures      | 213,174          | 204,248   | 203,946           | 302                    |
| Capital outlay                  | -                | -         | -                 | -                      |

**TOWN OF LOCKPORT, LOUISIANA**  
**Budget Comparison Schedule - General Fund**  
**As of and for the year ended June 30, 2014**

|   | Budgeted Amounts |         | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|---|------------------|---------|-------------------|------------------------------------|
|   | Original         | Final   |                   |                                    |
| Total Executive/Administration            | 213,174          | 204,248 | 203,946           | 302                                |
| <b>Public safety</b>                      |                  |         |                   |                                    |
| Current:                                  |                  |         |                   |                                    |
| Salaries                                  | 235,821          | 234,512 | 236,402           | (1,890)                            |
| Fees paid to witnesses and other agencies | 5,200            | 41,818  | 27,349            | 14,469                             |
| Payroll Benefits                          | 25,626           | 24,848  | 23,843            | 1,005                              |
| Retirement                                | 68,422           | 75,593  | 72,615            | 2,978                              |
| Dues and subscriptions                    | 400              | 860     | 860               | -                                  |
| Utilities, phone and postage              | 8,500            | 9,151   | 9,324             | (173)                              |
| Office Rent                               | 7,200            | 7,200   | 7,200             | -                                  |
| Vehicle Costs                             | 38,275           | 40,531  | 43,268            | (2,737)                            |
| Insurance                                 | 39,064           | 41,265  | 37,155            | 4,110                              |
| Office & maintenance supplies             | 11,000           | 17,493  | 15,003            | 2,490                              |
| Conferences                               | 6,000            | 4,691   | 4,191             | 500                                |
| Collection fee                            | 1,080            | 1,340   | 1,106             | 234                                |
| Uniforms - AMO                            | 4,500            | 5,763   | 3,337             | 2,426                              |
| Total current expenditures                | 451,088          | 505,065 | 481,653           | 23,412                             |
| Debt Service                              |                  |         |                   |                                    |
| Principal Retirement                      | -                | 19,125  | 19,125            | -                                  |
| Interest and Fiscal Charges               | -                | 2,220   | 2,220             | -                                  |
| Total debt service                        | -                | 21,345  | 21,345            | -                                  |
| Capital Outlay                            | 20,520           | -       | 14,528            | (14,528)                           |
| Total Public Safety - Police              | 471,608          | 526,410 | 517,526           | 8,884                              |
| <b>Streets and Highways</b>               |                  |         |                   |                                    |
| Current:                                  |                  |         |                   |                                    |
| Salaries                                  | 14,372           | 18,409  | 17,762            | 647                                |
| Payroll Benefits                          | 4,546            | 7,018   | 7,062             | (44)                               |
| Retirement                                | 2,695            | 3,352   | 3,239             | 113                                |
| Utilities, phone and postage              | 1,250            | 915     | 790               | 125                                |
| Street Lights                             | 31,000           | 33,692  | 33,088            | 604                                |
| Vehicle Costs                             | 2,296            | 2,851   | 2,985             | (134)                              |
| Repairs and maintenance                   | 2,800            | 7,830   | 6,940             | 890                                |
| Insurance                                 | 2,695            | 3,942   | 3,777             | 165                                |
| Maintenance and supplies                  | 5,000            | 7,314   | 6,892             | 422                                |
| Shells and Blacktop                       | 5,000            | 3,300   | 4,983             | (1,683)                            |
| Other                                     | 400              | 199     | 201               | (2)                                |
| Total current expenditures                | 72,054           | 88,822  | 87,719            | 1,103                              |
| Capital outlay                            | 50,000           | 39,604  | 44,412            | (4,808)                            |
| Total Streets and Highways                | 122,054          | 128,426 | 132,131           | (3,705)                            |
| <b>Drainage</b>                           |                  |         |                   |                                    |
| Current:                                  |                  |         |                   |                                    |
| Salaries                                  | 16,749           | 16,988  | 16,654            | 334                                |
| Payroll Benefits                          | 4,561            | 7,017   | 7,062             | (45)                               |
| Retirement                                | 3,141            | 3,091   | 3,044             | 47                                 |
| Utilities, phone and postage              | 1,000            | 910     | 798               | 112                                |
| Vehicle Costs                             | 2,010            | 1,590   | 1,717             | (127)                              |
| Repairs and maintenance                   | 1,600            | 603     | 594               | 9                                  |
| Insurance                                 | 2,998            | 3,458   | 3,398             | 60                                 |
| Maintenance and supplies                  | 3,000            | 2,616   | 2,661             | (45)                               |
| Other Expenses                            | 400              | 179     | 165               | 14                                 |
| Total current expenditures                | 35,459           | 36,452  | 36,093            | 359                                |
| Capital outlay                            | -                | 29,347  | 26,147            | 3,200                              |
| Total Drainage                            | 35,459           | 65,799  | 62,240            | 3,559                              |



**TOWN OF LOCKPORT, LOUISIANA**  
**Budget Comparison Schedule - General Fund**  
**As of and for the year ended June 30, 2014**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|------------------------------------|
|  | Original          | Final             |                   |                                    |
| <b>Culture and Recreation</b>              |                   |                   |                   |                                    |
| Current:                                   |                   |                   |                   |                                    |
| Salaries                                   | 10,348            | 12,766            | 12,079            | 687                                |
| Payroll Benefits                           | 64                | 110               | 106               | 4                                  |
| Retirement                                 | 1,940             | 2,341             | 2,219             | 122                                |
| Utilities, phone and postage               | 3,000             | 3,209             | 3,203             | 6                                  |
| Insurance                                  | 765               | 749               | 693               | 56                                 |
| Maintenance and supplies                   | 1,600             | 2,062             | 2,033             | 29                                 |
| Other Expenses                             | 2,250             | 1,443             | 1,444             | (1)                                |
| Total current expenditures                 | 19,967            | 22,680            | 21,777            | 903                                |
| Capital outlay                             | -                 | 8,550             | 8,550             | -                                  |
| Total Culture and Recreation               | 19,967            | 31,230            | 30,327            | 903                                |
| <b>Total Expenditures:</b>                 |                   |                   |                   |                                    |
| Current                                    | 791,742           | 857,267           | 831,188           | 26,079                             |
| Debt Service                               | -                 | 21,345            | 21,345            | -                                  |
| Capital Outlay                             | 70,520            | 77,501            | 93,637            | (16,136)                           |
|  | 862,262           | 956,113           | 946,170           | 9,943                              |
| <b>Revenues over (under) expenditures)</b> | (238,617)         | (291,916)         | (271,633)         | 20,283                             |
| <b>OTHER FINANCING SOURCES (USES)</b>      |                   |                   |                   |                                    |
| Proceeds from Auto Lease                   | -                 | 4,841             | -                 | 4,841                              |
| Transfers In - Sales Tax Fund              | 241,000           | 255,604           | 255,604           | -                                  |
| Total other financing sources (uses)       | 241,000           | 260,445           | 255,604           | 4,841                              |
| <b>Net changes in fund balances</b>        | 2,383             | (31,471)          | (16,029)          | 25,124                             |
| <b>FUND BALANCES</b>                       |                   |                   |                   |                                    |
| Beginning of year                          | 221,786           | 221,786           | 221,410           | (376)                              |
| Prior period adjustment                    | -                 | -                 | 11,117            | 11,117                             |
| End of year                                | <u>\$ 224,169</u> | <u>\$ 190,315</u> | <u>\$ 216,498</u> | <u>\$ 35,865</u>                   |

**TOWN OF LOCKPORT**  
**Budget Comparison Schedule - Sales Tax Fund**  
**As of and for the year ended June 30, 2014**

|   | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|------------------------------------|
|   | Original          | Final             |                   |                                    |
| <b>REVENUES</b>                             |                   |                   |                   |                                    |
| Taxes - sales and use                       | \$ 400,000        | \$ 408,125        | \$ 415,202        | \$ 7,077                           |
| Interest Earned                             | 100               | 29                | 26                | (3)                                |
| <b>TOTAL REVENUES</b>                       | <u>400,100</u>    | <u>408,154</u>    | <u>415,228</u>    | <u>7,074</u>                       |
| <b>EXPENDITURES</b>                         |                   |                   |                   |                                    |
| General Government - Current:               |                   |                   |                   |                                    |
| Rent expense                                | 1,800             | 1,800             | 1,800             | -                                  |
| Collection Fee                              | 3,600             | 3,703             | 3,688             | 15                                 |
| <b>TOTAL EXPENDITURES</b>                   | <u>5,400</u>      | <u>5,503</u>      | <u>5,488</u>      | <u>15</u>                          |
| <b>Revenues over (under) expenditures</b>   | <u>394,700</u>    | <u>402,651</u>    | <u>409,740</u>    | <u>7,089</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                   |                   |                   |                                    |
| Operating Transfers Out:                    |                   |                   |                   |                                    |
| General Fund                                | (241,000)         | (255,604)         | (255,604)         | -                                  |
| <b>Total other financing sources (uses)</b> | <u>(241,000)</u>  | <u>(255,604)</u>  | <u>(255,604)</u>  | <u>-</u>                           |
| <b>Net change in fund balance</b>           | <u>153,700</u>    | <u>147,047</u>    | <u>154,136</u>    | <u>7,089</u>                       |
| <b>FUND BALANCES</b>                        |                   |                   |                   |                                    |
| Beginning of year                           | -                 | 752,314           | 752,313           | (1)                                |
| <b>End of year</b>                          | <u>\$ 153,700</u> | <u>\$ 899,361</u> | <u>\$ 906,449</u> | <u>\$ 7,088</u>                    |

**TOWN OF LOCKPORT**  
**Budget Comparison Schedule - Building Maintenance Fund**  
**As of and for the year ended June 30, 2014**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance</u>                      |
|---|-------------------------|------------------|------------------|--------------------------------------|
|   | <u>Original</u>         | <u>Final</u>     | <u>Amounts</u>   | <u>Positive</u><br><u>(Negative)</u> |
| <b>REVENUES</b>                           |                         |                  |                  |                                      |
| Rental Income                             | \$ 65,784               | \$ 66,501        | \$ 67,617        | \$ 1,116                             |
| Intergovernmental - Federal               | -                       | 20,632           | -                | (20,632)                             |
| Interest Earned                           | 50                      | 10               | 9                | (1)                                  |
| Other                                     | -                       | -                | -                | -                                    |
| <b>TOTAL REVENUES</b>                     | <u>65,834</u>           | <u>87,143</u>    | <u>67,626</u>    | <u>(19,517)</u>                      |
| <b>EXPENDITURES</b>                       |                         |                  |                  |                                      |
| General Government:                       |                         |                  |                  |                                      |
| Current:                                  |                         |                  |                  |                                      |
| Salaries                                  | 13,620                  | 9,323            | 9,622            | (299)                                |
| Payroll Benefits                          | 2,829                   | 414              | 416              | (2)                                  |
| Retirement                                | 1,676                   | 798              | 874              | (76)                                 |
| Utilities                                 | 14,000                  | 14,906           | 14,812           | 94                                   |
| Repairs and maintenance                   | 6,250                   | 15,874           | 13,770           | 2,104                                |
| Insurance                                 | 16,817                  | 23,707           | 23,698           | 9                                    |
| Maintenance and Supplies                  | 500                     | -                | -                | -                                    |
|   | <u>55,692</u>           | <u>65,022</u>    | <u>63,192</u>    | <u>1,830</u>                         |
| Capital Outlay                            | -                       | 22,935           | 23,555           | (620)                                |
| <b>TOTAL EXPENDITURES</b>                 | <u>55,692</u>           | <u>87,957</u>    | <u>86,747</u>    | <u>1,210</u>                         |
| <b>Revenues over (under) expenditures</b> | <u>10,142</u>           | <u>(814)</u>     | <u>(19,121)</u>  | <u>(18,307)</u>                      |
| <b>FUND BALANCES</b>                      |                         |                  |                  |                                      |
| Beginning of year                         | 55,013                  | 55,013           | <b>78,092</b>    | 23,079                               |
| Prior period adjustment                   | -                       | -                | (12,904)         | (12,904)                             |
| End of year                               | <u>\$ 65,155</u>        | <u>\$ 54,199</u> | <u>\$ 46,067</u> | <u>\$ (8,132)</u>                    |

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Net Position - Proprietary Fund**  
**June 30, 2014**

|                                      | Business-Type<br>Activities |
|--------------------------------------|-----------------------------|
|                                      | <u>Enterprise Fund</u>      |
| <b>ASSETS</b>                        |                             |
| Current assets:                      |                             |
| Cash and cash equivalents            | \$ 107,526                  |
| Investments                          | 92                          |
| Due from other governmental units    | 361,742                     |
| Other assets                         | 147                         |
| Total current assets                 | <u>469,507</u>              |
| Noncurrent assets:                   |                             |
| Restricted assets -                  |                             |
| Investments                          | 436,987                     |
| Capital Assets                       |                             |
| Non-depreciable                      | 707,474                     |
| Depreciable, net                     | 3,041,536                   |
| Net capital assets                   | <u>3,749,010</u>            |
| Total noncurrent assets              | <u>4,185,997</u>            |
| TOTAL ASSETS                         | <u>4,655,504</u>            |
| <b>LIABILITIES</b>                   |                             |
| Current liabilities:                 |                             |
| Payable from current assets -        |                             |
| Accrued liabilities                  | 5,756                       |
| Contracts payable                    | 257,131                     |
| Retainage payable                    | 37,537                      |
| Due to other funds                   | 475,159                     |
| Total Payable from current assets    | <u>775,583</u>              |
| Payable from restricted assets:      |                             |
| Bonds payable within one year        | 112,000                     |
| Total payable from restricted assets | <u>112,000</u>              |
| Total current liabilities            | <u>887,583</u>              |
| Non-current liabilities              |                             |
| Sales Tax bonds payable (CWSRLF)     | 534,508                     |
| Revenue bonds payable                | 115,000                     |
| TOTAL LIABILITIES                    | <u>1,537,091</u>            |
| <b>NETPOSITION</b>                   |                             |
| Net Invested in capital assets       | 3,522,010                   |
| Restricted for debt service          | 436,987                     |
| Unrestricted                         | (840,584)                   |
| TOTAL NET POSITION                   | <u>\$ 3,118,413</u>         |

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**As of and for the year ended June 30, 2014**

|  | Business-Type<br>Activities |
|--|-----------------------------|
|  | <u>Enterprise Fund</u>      |
| <b>OPERATING REVENUES</b>                |                             |
| Sewer fees charged                       | \$ 153,311                  |
| <b>OPERATING EXPENSES:</b>               |                             |
| Salaries                                 | 52,711                      |
| Payroll benefits                         | 9,164                       |
| Retirement                               | 9,298                       |
| Office costs                             | 55,779                      |
| Insurance                                | 5,628                       |
| Vehicle costs                            | 4,113                       |
| Chemicals                                | 5,517                       |
| Repairs and maintenance                  | 39,116                      |
| Collection fees                          | 23,022                      |
| Other                                    | 1,075                       |
| Depreciation                             | 106,927                     |
|  | <u>312,350</u>              |
| <b>Operating income (loss)</b>           | <u>(159,039)</u>            |
| <b>NON-OPERATING REVENUE (EXPENSES):</b> |                             |
| Sales tax revenue                        | 290,643                     |
| Investment Income                        | 475                         |
| Bond Issuance Costs                      | (2,325)                     |
| Debt Forgiveness                         | 108,909                     |
| Interest and fiscal charges              | (11,756)                    |
|  | <u>385,946</u>              |
| <b>Net Income (loss)</b>                 | <u>226,907</u>              |
| <b>NET ASSETS:</b>                       |                             |
| Beginning of year                        | 2,891,506                   |
| End of year                              | <u>\$ 3,118,413</u>         |

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Cash Flows - Proprietary Fund**  
**As of and for the year ended June 30, 2014**

|   | Business-Type<br>Activities |
|---|-----------------------------|
|   | <u>Enterprise Fund</u>      |
| <b>Cash flows from operating activities:</b>  |                             |
| Cash received from customers  | \$ 153,311                  |
| Cash payments to suppliers for goods and services                                       | (42,497)                    |
| Cash payments made to employees for services and benefits                               | (71,173)                    |
| <b>Net cash provided (used) by operating activities</b>                                 | <u>39,641</u>               |
| <b>Cash flows from noncapital financing activities:</b>                                 |                             |
| Sales taxes   | 290,643                     |
| <b>Net cash provided (used) by noncapital financing activities</b>                      | <u>290,643</u>              |
| <b>Cash flows from capital and related financing activities:</b>                        |                             |
| Principal paid on revenue bond maturities   | (108,000)                   |
| Interest paid on revenue bonds  | (11,756)                    |
| Proceeds from revenue bonds   | 326,725                     |
| Purchase of capital assets and completion of projects                                   | (367,007)                   |
| <b>Net cash provided (used) for capital and related financing activities</b>            | <u>(160,038)</u>            |
| <b>Cash flows from investing activities:</b>  |                             |
| Interest and dividends on investments   | 475                         |
| <b>Net cash provided (used) by investing activities</b>                                 | <u>475</u>                  |
| Net increase (decrease) in cash and cash equivalents                                    | 170,721                     |
| Cash and cash equivalents at the beginning of year                                      | 373,884                     |
| Cash and cash equivalents at the end of year  | <u>\$ 544,605</u>           |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |                             |
| Operating income (loss)   | \$ (159,039)                |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                             |
| Depreciation  | 106,927                     |
| Changes in assets and liabilities:  |                             |
| (Increase) decrease in due from other governments                                       | (243,666)                   |
| Increase (decrease) in accounts payable   | 2,025                       |
| Increase (decrease) in contracts/retainages payable                                     | 294,668                     |
| Increase (decrease) in due to other funds   | 38,726                      |
| Total adjustments   | <u>198,680</u>              |
| Net cash provided (used) by operating activities  | <u>\$ 39,641</u>            |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

The Town of Lockport, Louisiana (the Town) was incorporated May 10, 1899, under the provisions of Act 136 (Lawrson Act) of 1898, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter: public safety, streets and highways, drainage, culture-recreation, public improvements, planning and zoning, and general administrative services.

**Note 1** **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by the Town conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the annual financial report. The Town applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the accounting policies utilized are described below.

### A. Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and as a result, there are no component units required to be included in the reporting entity

## B. Basis of Presentation and Accounting - Measurement Focus

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation and Accounting - Measurement Focus (Continued)**

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments and pollution remediation costs, are recorded only when payment is due (matured).



**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation and Accounting - Measurement Focus (Continued)**

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, parking fines, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Available has been defined as received within 60 days. All others, primarily licenses, fees and permits, are measurable and available only when cash is received.

The following is a description of the major funds of the Town of Lockport:

*Governmental funds:*

- *General Fund* - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General fund is always a major fund.
- *Special Revenue Funds* - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Special revenue funds reported as major funds in the fund financial statements are as follows:

**Sales Tax Fund** – is used to account for the receipt and use of proceeds of the Town's 1% sales and use tax. The revenues derived from the tax are to be used for the purposes of constructing, acquiring, extending and/or improving sewers and sewerage disposal works, waterworks facilities, drainage facilities, streets (including sidewalks and street lighting facilities), public buildings, public parks and fire department and police stations and equipment; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements and facilities, title to which improvements shall be in the public, and for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the Town, or for any one or more of said purposes; and such tax to be subject to funding into bonds by the Town in the manner authorized by Sub-Part D, Part 1, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:2271, et seq.).

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation and Accounting - Measurement Focus (Continued)**

Authority has been granted to the Town by the passage of a supplemental proposition by the electors of the Town at an election on May 4, 1985, for the purpose of constructing, acquiring, improving, operating and maintaining solid waste collection and disposal facilities, including purchasing and acquiring the necessary land, equipment and furnishings therefore, title to which shall be in the public, or for any one or more of said purposes.

Authority has been granted to the Town by the passage of a supplemental proposition by the electors of the Town at an election on April 11, 1992, for the use of thirty percent of the proceeds of the tax to be used for any lawful corporate purpose of the Town; or for any one or more of said purposes, and further the Town, if authorized, to fund the proceeds of the tax into bonds for any one or more of said purposes, to the extent and in the manner provided by Sub-Part F, Part III, Chapter 4, Title 39 of the Louisiana Revised Statutes, as amended.

The Council called for a special election on February 23, 2010 to authorize the levy and collection of a 7% Sales & Use Tax for the Town of Lockport intended primarily for the operation of the sewer plant. The sales tax could be used for other improvements such as streets, drainage, and maintenance of sewer lines. In addition, the tax revenues could, in the future, be bonded in order to finance projects.

**Building Maintenance Fund** – is used to account for the receipt and use of proceeds from lease and/or rental of Town facilities. Notwithstanding any other ordinance to the contrary, revenues which accumulate in this fund shall be used solely for and are hereby dedicated for the payment of operating expenses and capital expenditures incurred directly for the preservation and operation of the physical plant of the Town facilities.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation and Accounting - Measurement Focus (Continued)**

*Proprietary Funds*

**Enterprise Funds** –are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements, the enterprise fund reported as a major fund in the fund financial statements is as follows:

**Sewer Fund** – To account of the provision of sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations maintenance, financing and related debt service, and billing and collection.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation and Accounting - Measurement Focus (Continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services.

Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**C.      Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates.

**D.      Cash and Cash Equivalents and Investments**

Cash includes amounts in regular and money market accounts.

State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the Town's policy to limit its investments in these investment types. Investment policies are governed by state statutes and bond covenants

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**D. Cash and Cash Equivalents and Investments (continued)**

For purposes of the statement of cash flows, cash and cash equivalents include the investment in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool, which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. Accordingly, the fair value of the Town's position in LAMP is the same as the value of its pool shares.

**E.      Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**F.      Interfund Receivables and Payables**

During the course of operations transactions occur between individuals funds. These receivables and payables are classified as "due to or due from other funds" on the fund financial statement balance sheet. Transfers represent a permanent reallocation of resources between funds, and are not expected to be repaid.

In the process of aggregating data for the government-wide financial Statement of Net Assets and the Statement of Activities some amounts reported as due to/from balances were eliminated. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on the assets and liabilities within the governmental activities column.

**G.      Capital Assets**

Capital assets, which include land and land improvements, buildings, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town uses a threshold level of \$5,000 or more for capitalizing capital assets.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**G.      Capital Assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. At this point the project costs are moved out of construction-in-progress and capitalized. Straight-line depreciation is used based on the following estimated useful lives:

| <u>Type of Capital Asset</u>          | <u>Number of Years</u> |
|---------------------------------------|------------------------|
| • Buildings and building improvements | 20-40                  |
| • Equipment                           | 5-20                   |
| • Sewer system and improvements       | 14-40                  |
| • Infrastructure                      | 25-50                  |

**H.      Long-term Debt**

In the government-wide statement of net assets and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities. In proprietary funds bond premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond issuance costs are reported as expenses in the year they are incurred.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

**I.      Compensated Absences**

Employees of the Town can earn vacation time depending on length of service. Under the terms of the Town's vacation policy, vacation time can be accumulated up to a maximum of forty hours, plus the current year accumulation. On the payroll following the employee's anniversary hire date, the employee will be paid for those hours that exceed the maximum allowed accumulated hours and the accrued vacation hours will be reduced accordingly. The amount of accrued vacation days is immaterial therefore no accrued liability of compensated absences has been reported.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**I.      Compensated Absences (continued)**

Employees are not limited in the accumulation of sick leave. Employees are not compensated for the accumulated sick leave upon retirement or other termination. Accumulated sick leave lapses at separation of employment therefore no liability for earned and unused sick time is recorded.

**J.      Restricted Assets**

Restricted assets in the enterprise fund – Sewer Fund consists of \$436,987 in specific assets required to be segregated as to use pursuant to restrictions arising from the Sewer Revenue Bond Issue.

**K.      Fund Equity**

*Government-wide Financial Statements*

Equity is classified as net assets and displayed in three components:

- Net Invested in capital assets,—Consists of capital assets net of accumulated depreciation and net of capital related debt.
- Restricted net assets—Consists of net assets with constraints placed on the use by law through constitutional provisions or enabling legislation.
- Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, the unrestricted resources as they are needed.

*Fund Financial Statements*

During the fiscal year, the Town has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. In the Fund Financial Statements, fund balance could consist of:

- Non-spendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact;
- Restricted fund balance is amounts restricted to specific purposes.
- Committed fund balance is amounts that can only be used for specific purposes pursuant to official action prior to the end of the reporting period.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**K.      Fund Equity (continued)**

*Fund Financial Statements (continued)*

- Assigned fund balance is amounts designated to use for a specific purpose but is neither restricted nor committed. The Town has authority to assign fund balance. Assigned fund equity represents those portions of fund equity that are budgeted by through the formal budgeting process for specific purposes.
- Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

**Note 2      BUDGETS**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Annual appropriated budgets are adopted for the following governmental funds: general and special revenue. All annual appropriations lapse at year-end.

The Town does not employ encumbrance accounting; under which purchase orders contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to June 15, a proposed operating budget for the year commencing the following July 1 shall be submitted to the Mayor and Town Council by the Town Clerk. The operating budget includes proposed expenditures and the means of financing them.
- The Town Council conducts public hearings to obtain taxpayer comments.
- All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress.



**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 2        BUDGETS (Continued)**

- The level of budgetary control is at the fund, department or project level and any amendment for amounts exceeding any current expenditure amount budgeted must be approved by the Town Council.
- All budgeted amounts, which are not expended, or obligated through contracts, lapse at year end.
- Budgets for all governmental fund types are adopted on a basis consistent with GAAP.

The budget was amended during the year. The financial statements reflect the amended budget amounts. The Building Maintenance fund had a 22.4% unfavorable revenue variance for the year ending June 30, 2014 because the town budgeted a Federal revenue that was expected but never received of \$20,632.

**Note 3        PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2012. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2013 levy was based, was \$9,415,270.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correction of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

For the year ended June 30, 2014, the tax rate was \$8.26 per \$1,000 of assessed valuation on property within the Town for general government services. Total taxes levied were \$76,342.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 4**                      **DEPOSITS AND INVESTMENTS**

*Deposits* - Demand (deposits, interest bearing demand deposits and money markets) are recorded at cost, which approximates fair value. At June 30, 2014, the carrying amount of deposits was \$484,867 and the bank balance was \$516,475. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2014 \$156,607 of the entity's bank balance was considered to be exposed to custodial credit risk.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. FDIC adequately secure these deposits from risk.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

*Investments* - All of the Town's investments are in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed. The total investment in lamp at year-end is \$638,336.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 4                      DEPOSITS AND INVESTMENTS (continued)**

Custodial credit risk is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This investment pool has not been assigned a risk category since the Town is not issued securities, but rather owns an undivided beneficial interest in the assets of this pool. As of June 30, 2014, the Town's investment in LAMP was rated AAAm by Standard & Poor's.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. LAMP investments are considered pooled fixed income whose investment maturities are all less than 1 year.

Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

**NOTE 5                      DUE FROM GOVERNMENTAL UNITS**

The amounts due from other governmental units at June 30, 2014 were:

|                                  | State of<br>Louisiana | Lafourche<br>Parish<br>School<br>Board | Lafourche<br>Parish<br>Water<br>District<br>No. 1 | Totals           |
|----------------------------------|-----------------------|--|---|------------------|
| <b>Governmental Activities:</b>  |                       |  |   |                  |
| General Fund                     | \$23,617              | \$21,859                               |   | \$45,476         |
| Sales Tax Fund                   |                       | 72,861                                 |   | 72,861           |
| Building Fund                    | 17,922                |  |   | 17,922           |
| <b>TOTALS</b>                    | <b>\$41,539</b>       | <b>\$94,720</b>                        |   | <b>\$136,259</b> |
| <b>Business-type Activities:</b> |                       |  |   |                  |
| Sewer Fund                       | \$298,489             | \$51,003                               | \$12,250  | \$361,742        |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 6 CAPITAL ASSETS**

A schedule of changes in capital assets follows:

| <b>Governmental Activities</b>        | <b>Balance<br/>6/30/13</b> | <b>Additions</b> | <b>Deletions /<br/>Adjustment</b> | <b>Balance<br/>6/30/14</b> |
|---------------------------------------|----------------------------|------------------|-----------------------------------|----------------------------|
| Capital assets not being depreciated: |                            |                  |                                   |                            |
| Land                                  | \$509,481                  | \$ -             | \$ -                              | \$509,481                  |
| Construction in Progress              | 203,985                    | 4,808            | (135,627)                         | 73,166                     |
| <b>TOTALS</b>                         | <b>713,466</b>             | <b>4,808</b>     | <b>(135,627)</b>                  | <b>582,647</b>             |
| Capital assets being depreciated:     |                            |                  |                                   |                            |
| Buildings                             | 1,369,868                  | 32,105           | -                                 | 1,401,973                  |
| Infrastructure                        | 2,073,016                  | 201,377          | -                                 | 2,274,393                  |
| Equipment                             | 481,055                    | 6,081            | -                                 | 487,136                    |
| Parks                                 | 219,571                    | 8,447            | 10,050                            | 238,068                    |
| <b>TOTALS</b>                         | <b>4,143,510</b>           | <b>248,010</b>   | <b>10,050</b>                     | <b>4,401,570</b>           |

Less accumulated depreciation:

|  |                    |                  |                    |                    |
|--|--------------------|------------------|--------------------|--------------------|
| Buildings  | 662,864            | 39,821           | -                  | 702,685            |
| Infrastructure   | 889,152            | 52,135           | -                  | 941,287            |
| Equipment  | 356,370            | 32,076           | -                  | 388,446            |
| Parks  | 47,575             | 10,315           | -                  | 57,890             |
| <b>TOTALS</b>  | <b>1,955,961</b>   | <b>134,347</b>   | <b>-</b>           | <b>2,090,308</b>   |
| Capital assets being depreciated, net                        | <b>\$2,187,549</b> | <b>113,663</b>   | <b>10,050</b>      | <b>\$2,311,262</b> |
| <b>Total governmental activities<br/>capital assets, net</b> | <b>\$2,901,015</b> | <b>\$118,471</b> | <b>(\$125,577)</b> | <b>\$2,893,909</b> |

| <b>Business-Type Activities</b>       | <b>Balance<br/>6/30/13</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>6/30/14</b> |
|---------------------------------------|----------------------------|------------------|------------------|----------------------------|
| Capital assets not being depreciated: |                            |                  |                  |                            |
| Construction in Progress              | \$233,883                  | \$473,591        | -                | \$707,474                  |
| <b>TOTALS</b>                         | <b>233,883</b>             | <b>473,591</b>   | <b>-</b>         | <b>707,474</b>             |
| Capital assets being depreciated:     |                            |                  |                  |                            |
| Sewer System                          | 4,317,756                  | -                | -                | 4,317,756                  |
| Machinery and equipment               | 58,607                     | -                | -                | 58,607                     |
| <b>TOTALS</b>                         | <b>4,376,363</b>           | <b>-</b>         | <b>-</b>         | <b>4,376,363</b>           |

Less accumulated depreciation:

|   |                    |                  |          |                    |
|---|--------------------|------------------|----------|--------------------|
| Sewer System  | 1,177,772          | 105,276          | -        | 1,283,048          |
| Machinery and equipment                                       | 50,128             | 1,651            | -        | 51,779             |
| <b>TOTALS</b>   | <b>1,227,900</b>   | <b>106,927</b>   | <b>-</b> | <b>1,334,827</b>   |
| Capital assets being depreciated, net                         | <b>\$3,148,463</b> | <b>(106,927)</b> | <b>-</b> | <b>\$3,041,536</b> |
| <b>Total business-type activities<br/>capital assets, net</b> | <b>\$3,382,346</b> | <b>\$366,664</b> | <b>-</b> | <b>\$3,749,010</b> |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 6      CAPITAL ASSETS (Continued)**

Depreciation expense was allocated to functions of the Town as follows:

**Governmental Activities:**

|                        |               |
|------------------------|---------------|
| General government     | \$     46,786 |
| Streets and highways   | 20,174        |
| Drainage               | 32,907        |
| Public Safety          | 23,819        |
| Culture and recreation | 10,661        |

|   |           |
|---|-----------|
| Total depreciation expense -<br>governmental activities | \$134,347 |
|---|-----------|

**Business-Type Activities:**

|       |                |
|-------|----------------|
| Sewer | \$     106,927 |
|-------|----------------|

**Note 7      LONG TERM DEBT**

**Sewer Revenue Bonds, Series 1995**

On December 1, 1996 the Town issued Sewer Revenue Bonds Series 1995 in the amount of \$1,770,000 in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) to construct sewer improvements constituting the wastewater treatment project. DEQ is holding the bonds as payment for the loan. Revenue bonds outstanding at June 30, 2014 are \$227,000 payable through 2016 at an interest rate of 2.45% plus a .5% annual administration fee.

**Bond Requirements and Covenants**

Under the terms of the bond indenture outstanding, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the System. All revenues must be deposited in the System and required transfers made to the following funds on a monthly basis after the payment of operating expenses:

**a) Sewer Revenue Bond Sinking Fund**

Monthly transfers are required to this fund in an amount necessary to make the principal and interest payments as they become due. This fund is restricted for this purpose.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 7      LONG TERM DEBT (continued)**

**b) Sewer Revenue Bond Debt Service Reserve Fund**

The amount in this account represents the highest amount of principal and interest due on each bond issue in future years on the System's outstanding revenue bonds. The fund is restricted to the payment of principal and interest in case of default on the bond issue.

**c) Sewer System Renewal and Replacement Fund**

Monthly transfers of 5% of gross revenues of the System for the preceding month are required. The fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the System. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Sinking Fund and Bond Debt Service Reserve Fund. However, this fund must contain a minimum of \$60,000 at all times.

**Taxable Sales Tax Bonds Series 2013**

On March 1, 2013, the Town entered into a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality (LA-DEQ) for a loan from the Clean Water State Revolving Fund to finance a portion of the costs of constructing and acquiring improvements, extensions and replacements to its sewerage system. The Town by ordinance adopted on January 13, 2013, authorized the incurring of debt and the issuance of its Taxable Sales Tax Bond, Series 2013 in an amount not to exceed \$4,000,000, for the purpose of paying costs of the project, which Bonds are proposed to be purchased by the Department using available moneys in the State Revolving Fund. LA-DEQ agrees that it will affect the Loan by purchasing the Bonds from the Town and paying the purchase price in installments pursuant to the Loan agreement. These bonds shall be secured and payable from a pledge and dedication of the revenues of a .7% sales and use tax, after payment of the reasonable and necessary costs and expenses of collecting and administering the said tax.

Upon the payment of each principal draw on the Loan, twenty-five percent of the principal amount of each draw on the Loan shall be immediately and irrevocably be deemed forgiven by the Department, up to a maximum amount of principal forgiveness of \$1,000,000 and no interest shall accrue on the principal amount that is forgiven.

As of June 30, 2013, the Town had outstanding principal of \$207,783; during 2014, the Town requested total drawdowns of \$435,634, of which \$108,909 was forgiven (net draws were \$326,725) leaving \$534,508 in outstanding 2014 Sales Tax Bonds. Principal and interest are payable semiannually in August and February of each year.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 7      LONG TERM DEBT (continued)**

Semiannual interest payments start in August 2013 to February 2034. Principal payments will be paid each February starting in 2015 until 2034.

The accounting requirements of the bond resolutions, as stated in a) through c) above, have been complied with for the year ended June 30, 2014.

A summary of changes in long-term debt of the District is as follows:

|                                       | Payable<br>6/30/13 | Debt<br>Incurred | Debt<br>Retired | Payable<br>6/30/14 |
|---------------------------------------|--------------------|------------------|-----------------|--------------------|
| Sewer Revenue Bonds,<br>Series 1995   | \$335,000          |                  | \$108,000       | \$227,000          |
| Sewer Sales Tax<br>Bonds, Series 2013 | \$ 207,783         | \$435,634        | \$108,909       | \$534,508          |

The annual requirements, including interest, to amortize all long-term debt outstanding are as follows:

| Maturity      | Principal        | Interest        | Total            |
|---------------|------------------|-----------------|------------------|
| 2015          | 112,000          | 6,696           | 118,696          |
| 2016          | 115,000          | 3,392           | 118,392          |
| <b>Totals</b> | <b>\$227,000</b> | <b>\$10,088</b> | <b>\$237,088</b> |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 8      CAPITAL LEASES**

The Town entered into a lease-purchase for the purchase of two 2011 Ford Crown Victoria vehicles. The lease-purchase qualifies as a capital lease for accounting purposes, and therefore is recorded at the present value of the future minimum lease payments as of the date of inception.

A lease purchase agreement entered into in July of 2011 in the amount of \$52,431 is due in annual installments of \$13,108 through July of 2014, and has an interest rate of 6.6%. The final payment of \$13,108 was made on June 25, 2014; therefore, there is no remaining future minimum lease payment that needs to be disclosed on this lease.

The Town entered into a Lease-Purchase Agreement with Ford Motor Credit Company dated January 2013 for the purchase of 1 automobile for the police department. The lease commences on that date with the initial term of 48 months. The payments will be made in 4 consecutive annual payments of \$8,237 each, due on January 29th for the next 4 years maturing on January 29, 2016. Total initial cost of the vehicle was \$29,647. The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments for governmental activities:

|                                   |           |                  |
|-----------------------------------|-----------|------------------|
| Fiscal year ending                |           |                  |
|                                   | 6/30/2015 | 8,237            |
|                                   | 6/30/2016 | 8,237            |
|                                   |           | <u>\$ 16,474</u> |
| Less amount representing interest |           | (1,467)          |
|                                   |           | <u>\$ 15,007</u> |

The following is an analysis of the cost and accumulated depreciation for leased assets under capital lease:

|                          |                 |
|--------------------------|-----------------|
| Vehicles                 | \$95,354        |
| Accumulated Depreciation | <u>(48,191)</u> |
|                          | \$47,163        |



**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 9      INTERFUND RECEIVABLES/PAYABLES**

Interfund receivables and payables for the individual funds is as follows:

| INDIVIDUAL FUND           | INTERFUND RECEIVABLE | INTERFUND PAYABLE |
|---------------------------|----------------------|-------------------|
| General Fund              | \$26,600             | \$31,928          |
| Building Maintenance Fund | 3,412                | 19,075            |
| Sales Tax Fund            | 496,150              |                   |
| Sewer Fund                | 24,606               | 499,765           |
| Totals                    | \$550,768            | \$550,768         |

**Note 10      OPERATING TRANSFERS**

A reconciliation of operating transfers for the individual funds is as follows:

| INDIVIDUAL FUND | TRANSFERS IN | TRANSFERS OUT |
|-----------------|--------------|---------------|
| General Fund    | \$255,604    |               |
| Sales Tax Fund  |              | \$255,604     |
| Totals          | \$256,604    | \$256,604     |

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 11      RISK MANAGEMENT**

The Town is exposed to various risks of loss related to general liability, auto, workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; group health benefits; and natural disasters for which the Town carries commercial insurance. No settlements were made during the year that exceeded the Town's insurance coverage.

**Note 12      COMMITMENTS AND CONTINGENCIES**

The Town received funding under grants from various state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

**Note 13      PENSION PLANS**

Employees of the Town, with the exception of the policemen, are members of the Municipal Employees' Retirement System of Louisiana. Full-time policemen, not participating in the Federal Social Security System, are members of the Municipal Police Employees' Retirement System of Louisiana (MPERS).

**A. Municipal Employees' Retirement System**

**Plan Description** – The Town contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 356 of the 1954 Louisiana Legislative Session established the plan. Act 569 of the 1968 Louisiana Legislative Session provided an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are known as "Plan A" and "Plan B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only original plan. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1884, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 13      PENSION PLANS (Continued)**

**A. Municipal Employees' Retirement System (continued)**

**Funding Policy** – Plan members are required to contribute 9.5% of their annual covered earnings, and the Town is required to contribute at an actuarially determined rate. The current rate is 18.75% for July 2013 to June 2014. In addition, the system also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contribution to the system for the years ended June 30, 2014, 2013 and 2012 were \$29,866, \$26,807, and \$23,103, respectively, equal to the required contribution for each year.

**B. Municipal Police Employees' Retirement System**

**Plan Description** – The Town contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustment to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan.

The System is governed by Louisiana Revised Statutes 11:2211 through 11:2234, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Baton Rouge, Louisiana 70809.

**Funding Policy** – Plan members are required to contribute 10% of their annual covered earnings excluding overtime but including state supplemental pay, and the Town is required to contribute at an actuarially determined rate. The current rate is 31.0%. In addition, the System also receives a percentage of insurance premiums. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contributions to the System for the years ended June 30, 2014, 2013 and 2012 were \$72,615, \$73,784, and \$61,971, respectively, equal to the required contributions for each year.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 14      OTHER REQUIRED DISCLOSURES**

As of February 2001, Lafourche Parish Water District #1 began billing and collecting sewer fees for the Town of Lockport. The Water District remits the fees to the Town, less an eight percent collection fee. The aggregate dollar amount collected for Sewer Services during the year ended June 30, 2014 was \$153,311 for services to an average of 1,094 customers per month (unaudited) for 12 months resulting in an average monthly billing of \$11.68 per user. The number of users at the end of the fiscal year was 1,104 (unaudited).

As of June 30, 2009 the Town of Lockport charged the following rates for all sewer services furnished by the System, as follows:

- First 2,000 gallons per month                      \$5.00 per 200 gallons
- over 2,000 gallons per month                      \$1.93 per 1,000 gallons

**Note 15      PRIOR PERIOD ADJUSTMENT**

The beginning fund balance in the Building Maintenance Fund was adjusted for an estimate made in the prior year for a grant receivable. The amount received was \$12,904 less than the revenue recorded and receivable booked; therefore the fund balance was decreased by the same amount. The beginning fund balance in the General Fund was adjusted for an estimate made in the prior year for a grant receivable. The amount received was \$11,117 more than the revenue recorded and receivable booked; therefore, the fund balance was increased by the same amount. Government-wide governmental activities net assets beginning was also restated for the net decrease of \$1,787.

**Note 16      RECENT REPORTING & DISCLOSURE DEVELOPMENTS**

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, Accounting and Financial Reporting for Pensions. This statement requires governments providing pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and RSI. In the past as long as the government paid its Annual Required Contribution, there would be no recorded liability.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 16      RECENT REPORTING & DISCLOSURE DEVELOPMENTS (Continued)**

This will provide for the liability (net pension obligation) of underfunding of defined benefit pension plans to be recorded on the statement of net position. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

Management is currently evaluating the effects of the new GASB pronouncement scheduled for implementation for fiscal year ending June 30, 2015 and has not determined the impact on the financial statements of implementing GASB 68.

***OTHER SUPPLEMENTARY  
INFORMATION***

**Town of Lockport, Louisiana**  
**SCHEDULE OF INSURANCE IN FORCE**  
**June 30, 2014**  
**(UNAUDITED)**

| Name of Insurer                            | Policy From | Policy To  | Details of Coverage            | Amount       |
|--|-------------|------------|--------------------------------|--------------|
| Louisiana Citizens Property Insurance Co.  | 9/23/2013   | 9/23/2014  | Property Coverage              |              |
|  |             |            | Town Hall                      | \$ 1,000,000 |
|  |             |            | Town Hall Contents             | \$ 150,000   |
|  |             |            | Sewer Plant Contents           | \$ 25,000    |
|  |             |            | The Locks                      | \$ 145,000   |
|  |             |            | Boatbuilding Museum            | \$ 300,000   |
|  |             |            | Generators (4)                 | \$ 215,260   |
|  |             |            | Old Police Department Building | \$ 60,000    |
| CNA Surety Bond                            | 6/26/2011   | 6/26/2015  | Fidelity Bond - Mayor          | \$ 5,000     |
| CNA Surety Bond                            | 10/25/2013  | 10/25/2014 | Fidelity Bond - Town Clerk     | \$ 10,000    |
| CNA Surety Bond                            | 10/31/2012  | 6/26/2016  | Fidelity Bond - Mayor Pro Tem  | \$ 5,000     |
| CNA Surety Bond                            | 12/13/2013  | 12/13/2014 | Fidelity Bond - Admin Clerk    | \$ 2,000     |
| Louisiana Municipal Risk Management Agency | 1/1/2013    | 1/1/2014   | Workmen's Compensation         | LA Statutes  |
| Louisiana Municipal Risk Management Agency | 9/21/2013   | 9/21/2016  | Commercial General Liability   | \$ 500,000   |
|  |             |            | Premises per occurrence        | \$ 500,000   |
|  |             |            | Medical per person             | \$ 1,000     |
|  |             |            | Medical per accident           | \$ 10,000    |
|  |             |            | Fire Legal per occurrence      | \$ 50,000    |
| Louisiana Municipal Risk Management Agency | 9/21/2013   | 9/21/2016  | Automobile Liability           | \$ 500,000   |
|  |             |            | Deductible                     | none         |
| Louisiana Municipal Risk Management Agency | 9/21/2013   | 9/21/2016  | Law enforcement Officer        | \$ 500,000   |
|  |             |            | Deductible per occurrence      | \$ 1,000     |
| Louisiana Municipal Risk Management Agency | 9/21/2013   | 9/21/2016  | Errors and Omissions           | \$ 500,000   |
|  |             |            | Deductible per occurrence      | \$ 1,000     |
| ESSEX Insurance Company                    | 9/21/2013   | 9/21/2014  | Commercial Auto                |              |
|  |             |            | Physical Damage                |              |
|  |             |            | Comp/Collision                 |              |
|  |             |            | (Schedule vehicles)            | ACV or Cost  |
|  |             |            | Deductible (per unit)          |              |
|  |             |            | Comprehensive                  | \$ 500       |
|  |             |            | Collision as scheduled         |              |

**TOWN OF LOCKPORT, LOUISIANA**  
**COMPENSATION PAID TO MEMBERS OF THE TOWN COUNCIL**  
*As of and for the year ended June 30, 2014*

| Name              | Office       | Compensation     | Per Diem        | Total         |
|-------------------|--------------|------------------|-----------------|---------------|
| Paul A. Champagne | Mayor***     | \$ 12,000        | \$ -            | \$ 12,000     |
| Donovan Barker    | Councilman   | 1,200            | 1,200           | 2,400         |
| Sharon R. Guidry  | Councilwoman | 1,200            | 1,000           | 2,200         |
| Rodney R. Hartman | Councilman   | 1,200            | 1,200           | 2,400         |
| Craig Rogers      | Councilman   | 1,200            | 1,200           | 2,400         |
| Weldon Triche     | Councilman   | 1,200            | 1,200           | 2,400         |
|                   |              | <u>\$ 18,000</u> | <u>\$ 5,800</u> | <u>23,800</u> |

Compensation for Council Members is paid at the rate of \$100 per month. Per diem is paid at the rate of \$100 for attendance at regular monthly meetings and \$50 for attendance at special meeting when called by the Town of Lockport.



***REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Paul Champagne, Mayor  
And the Members of the Town Council  
Lockport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Lockport, Louisiana (the Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated December 11, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Lockport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lockport's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Lockport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

December 11, 2014  
Thibodaux, Louisiana



**TOWN OF LOCKPORT, LOUISIANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

We have audited the financial statements of the governmental activities, business activities and each major fund of the Town of Lockport, as of and for the year ended June 30, 2014 and have issued our report thereon dated December 11, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Section I - Summary of Auditor's Reports***

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The Town did not expend federal awards on this audit.

***Section II - Financial Statement Findings***

- There were no financial statement findings during the audit of the basic financial statements.

***Section III - Federal Award Findings and Questioned Costs***

- There were no federal award findings during the audit of the basic financial statements.

